

Statement of

Ms. Kathy L. Dillaman  
Associate Director  
Federal Investigative Services Division  
U.S. Office of Personnel Management

before the

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Committee on Homeland Security  
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on

Human Capital Issues and Security Clearance Procedures  
at the Department of Homeland Security

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**Background**

Mr. Chairman and members of the Subcommittee, thank you for the opportunity to testify before you today on the services the Office of Personnel Management (OPM) provides to the Department of Homeland Security (DHS) in support of their personnel security clearance process and the DHS' Human Capital Strategic Plan.

OPM's mission is to ensure the Federal Government has an effective civilian workforce. As part of this mission OPM is responsible for conducting different levels of background investigations for the various types of positions in the Federal Government to ensure the individuals meet the Government's suitability and security clearance requirements. The investigations range from the minimum level of investigation required for low risk public trust positions or positions that require a Confidential or Secret clearance, to extensive field investigations for high risk public trust positions or those that require a Top Secret clearance.

At OPM, the division responsible for conducting background investigations is our Federal Investigative Services Division (FISD), headquartered in Boyers, Pennsylvania. This division supports over 100 Federal agencies with thousands of security offices worldwide. Its automated processing systems and vast network of field investigators handle a high volume of cases. In fact, we processed over 1.4 million investigations last year.

Currently, OPM conducts 90% of the background investigations for the Federal Government. The remaining investigations are conducted by agencies who assume this responsibility pursuant to law or through a delegation approved by the Office of Management and Budget (OMB).

**Background Investigations for the Department of Homeland Security**

OPM and DHS share responsibility for the background investigations required by DHS. Under an OMB approved delegation, DHS conducts background investigations on specific positions within the agency. For example, Customs and Border Protection and the U.S. Secret Service conduct investigations on positions within their agencies. DHS also conducts investigations that are required by regulation for such positions as airport workers who need access to secure areas of the airport, HAZMAT drivers, and, more recently, port workers operating at major U.S. ports. OPM has no role in these investigations.

For other departments or positions within DHS, OPM conducts various levels of investigation ranging from the minimum National Agency Checks with Inquiries (NACI) investigation to the most extensive field investigation, the Single-Scope Background Investigation (SBI). All levels of investigation include searches of national record repositories, such as the national fingerprint-based criminal history check through the FBI, a search of the FBI and DoD investigative indexes, review of military records, credit checks, birth verification, and a check of immigration and naturalization records. The minimum level includes letters of inquiry to employers, local police departments, schools, and personal references to confirm the subject's background claims and to obtain information on the person's suitability for employment. More extensive investigations are conducted on DHS employees who require Top Secret security clearances or are in positions of higher risk to Public Trust. These investigations include personal interviews conducted by a field agent with the subject of the investigation and personal sources at previous employment locations, residences and educational institutions. Agents in the field also conduct record checks of local police departments and other state or local record repositories. OPM conducted approximately 700 minimum level investigations and over 18,000 more extensive investigations for DHS so far this fiscal year.

Investigators are instructed to identify and interview the best sources available at each location with extensive knowledge of the subject's background and character.

The investigations conducted by OPM routinely identify individuals with unsatisfactory employment records, criminal records, chronic financial problems, drug or alcohol problems, or a history of violent behavior.

From April 1, 2005, through March 31, 2006, OPM conducted over 72,000 investigations for DHS.

### **DHS' Human Capital Strategic Plan**

The Office of Personnel Management works with agencies to implement the Human Capital initiative of the President's Management Agenda. We help agencies align human capital management strategies with mission, goals, and organizational objectives and integrate human capital planning into agency strategic and performance plans.

DHS' Human Capital Strategic Plan addresses the Department's human resource management challenges and provides a sound foundation for managing a workforce of some 180,000 employees. It also establishes the framework for the Department's human resources modernization effort, known as MAX HR.

The Homeland Security Act of 2002 authorized the Secretary of Homeland Security and the Director of OPM to develop a new human resources management system for the Department, providing specific flexibilities in the areas of pay, performance management, classification, disciplinary matters, labor-management relations, and appeals. Flexibilities granted to DHS comprise the largest transformation of civil service regulations in 40 years.

MAX HR began in early 2003 with the formation of a joint design team comprised of agency, OPM, and labor union representatives. A comprehensive two-year design and outreach effort culminated in the February 1, 2005, publication of final regulations for the new human resource management system. Since February 2005, detailed implementation plans have been developed for each of the six human capital areas. Certain labor relations, adverse actions, and appeals provisions of the MAX HR program have been challenged in a lawsuit filed by a consortium of DHS labor unions. On August 12, 2005, the U.S. District Court for the District of Columbia enjoined DHS from implementing the labor relations portion of the new regulations, as well as a new mitigation standard established by the regulations. The case was recently argued on appeal before the U.S. Court of Appeals for the DC Circuit.

Pay and performance management provisions of the new system are not covered by the unions' lawsuit and continue to move forward. The performance management program under MAX<sup>HR</sup> has been deployed to non-bargaining unit employees in headquarters, supervisors and managers in Immigration and Customs Enforcement (ICE), and the U.S. Coast Guard. In July of this year, coverage will be expanded to supervisors and managers in the Federal Law Enforcement Training Center (FLETC). By the fall, supervisors and managers in the Customs and Border Protection and U.S. Citizenship and Immigration Services (USCIS) will be covered as will employees in the U.S. Secret Service. Finally, supervisors and managers in the Federal Emergency Management Agency (FEMA) will be covered in spring of 2007.

MAX HR represents a major organizational and cultural change for DHS employees, and DHS has invested heavily in training and communication. To date, DHS has trained over 7,700 managers and supervisors on the new performance management system. The training focuses on:

- establishing clear performance expectations aligned with organizational goals that are cascaded throughout the organization;
- creating a stronger link between performance and pay;
- promoting a continuous learning environment;
- creating new opportunities for leadership development; and
- enabling the Department to continue to attract the best and brightest, to reduce skills gaps in mission-critical occupations, and to sustain and improve diversity.

OPM will continue to work with DHS and support the Department every step along the way to ensure successful implementation of MAX HR. As we do so, we remain ever-mindful of our government-wide responsibility to ensure compliance with merit system principles and to hold agencies accountable for their human capital practices. That is why our new Strategic Plan calls for OPM to conduct an independent program evaluation of the Department's new HR system with the assessment beginning this fiscal year and extending into FY2007.

Mr. Chairman, this concludes my remarks. I am happy to answer any questions you or the members of the Subcommittee may have.